

CRAMMING

Cramming Defined

- “Cramming” refers to:
 - the inclusion of *unauthorized charges* on consumers’ telephone bills.
 - the unauthorized charges can originate from the consumer’s own telephone company or a third party vendor.

Impact on Consumers

- Cramming continues to be an ongoing and significant problem for consumers.
 - Each such complaint can represent potentially hundreds or thousands of other consumers who may not recognize that they have been crammed for similar charges.
 - Although those who file complaints with their telephone company or a state or federal regulator may be refunded for the unauthorized charge, many others who do not detect those charges are unlikely to be reimbursed.
 - In fact, some consumers may continue to be crammed over an extensive period of time.

Best Practices

- Industry code of best practices:
 - Bills should be comprehensible, complete and include information the consumer may need to discuss and, if necessary, dispute charges;
 - Consumers should be provided with options to control whether or not a third party's products and services are charged on their telephone bills;
 - Consumer authorization of services ordered should be appropriately verified;
 - LECs should screen products, services, and third party service providers prior to approval for inclusion on the telephone bill;

Best Practices (Con't)

- Clearinghouses that aggregate billing for third party customers and submit that billing to LECs should ensure that only charges that have been authorized by the customer will be included;
- LECs should continue to educate consumers as to their rights and the process for resolution of disputes; and
- Each LEC should provide appropriate law enforcement, regulatory agencies, and other LECs with various categories of data to assist in controlling cramming.

Truth-in-Billing Rules

- Section 64.2401 of the Commission's rules, require that customer bills:
 - be clearly organized, clearly identify the service provider, and highlight any new providers;
 - contain full and non-misleading descriptions of charges that appear therein;
 - contain clear and conspicuous disclosure of any information the consumer may need to make inquiries about, or to contest charges on the bill.

Consumer Information NOI

- Government and Consumer Group Comments:
 - Require the billing carrier to offer customers the option to block third-party billing;
 - Require common carriers to undertake due diligence measures to screen third party service providers before permitting them to place charges on their telephone bill;
 - Enhance cooperation among law enforcement entities including sharing of complaints among state and federal regulators;
 - Clarify that cramming includes not only unauthorized charges on LEC bills but also unauthorized charges that appear on other telephone bills; and
 - Require that third party billers be identified and provide their contact information on the telephone bill.

Consumer Information NOI (con't)

- Industry Comments:
 - Carriers are sufficiently motivated to protect their own subscribers
 - Sufficient safeguards are currently in place
 - Compliance with state and federal laws
 - Corrective measures taken against problem billers
 - Pre-screening and monitoring
 - Blocking options
 - Rapid resolution of complaints

Possible Next Steps

- NPRM to propose necessary rules
- Comments & Reply Comments solicited